

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6832

BILL NUMBER: SB 502

NOTE PREPARED: Jan 7, 2013

BILL AMENDED:

SUBJECT: Preschool Education Pilot Program.

FIRST AUTHOR: Sen. Becker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

STATE IMPACT	FY 2013	FY 2014	FY 2015
State Revenues			
State Expenditures		4,500,000	4,500,000
Net Increase (Decrease)		(4,500,000)	(4,500,000)

Summary of Legislation: This bill has the following provisions:

- (1) Establishes a two-year preschool education pilot grant program to be administered by the Department of Education.
- (2) Permits school corporations and charter schools to apply for a grant to provide funding for the operation of preschool education pilot programs.
- (3) Provides that children who are three or four years of age as of August 1 and who qualify for a free or reduced price lunch under federal law qualify to participate in the preschool education pilot program of a school corporation or charter school that receives a grant.
- (4) Requires the State Board of Education to adopt rules setting standards and requirements for the program.
- (5) Specifies the amount of a grant awarded to a school corporation or charter school to be \$4,500 for each child for each school year.
- (6) Limits the program to 1,000 children.
- (7) Prohibits the charging of any tuition or fees for a child who is participating in the program.

(8) Permits a school corporation or charter school to use other money available for its preschool education program to supplement the grant.

(9) Annually appropriates \$4,500,000 from the state General Fund for the 2013-2014 state fiscal year and \$4,500,000 for the 2014-2015 state fiscal year to make grants under the program.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* This bill appropriates \$4.5 M per year during the 2013-2015 biennium to fund the preschool education scholarship pilot program. The pilot program would operate in FY 2014 and FY 2015 and be administered by the Department of Education (DOE). The pilot program would provide preschool education scholarships to children who: (1) are three or four years old on August 1st of the school year; and (2) qualify for the free or reduced price lunch program. The maximum pilot program scholarship is \$4,500 per child for each school year and a maximum of 1,000 scholarships may be awarded each school year.

The bill will also increase the workload of the DOE to administer the pilot program, to evaluate the performance of the pilot program, and to report the evaluation results annually to the General Assembly. The reports are due by July 1, 2014, and July 1, 2015. DOE should be able to manage the additional workload within its current resources.

Additional Information:

Using data obtained from the Kids Count Data Center, there are an estimated 81,150 children in the state who have family income at or below 185% FPL that would qualify for free and reduced lunch. However, of this population of eligible children, a portion of them are currently served by other child care programs. The DFR reports currently there are 9,515 children between the ages of three and four who receive subsidized child care from the federal Child Care Development Fund voucher program. It is also reported that there are 3,228 three and four year old children currently served by Title I preschools and 15,530 three and 4 year old children currently served by Head Start programs. [For more information on these programs, please see below.] Based on enrollment these programs there could 53,877 children who could qualify to participate in the pilot program.

Federal Child Care Development Fund (CCDF) Voucher Program: Families are eligible for CCDF voucher payments for child care if at the time of application their family income is at or below 127% FPL. After initial eligibility is determined, a family is authorized to earn income up to 170% FPL and receive voucher payments (but with an increased copay based on family income above 100% FPL).

Head Start Program: The Head Start program provides Federal grants to local public and private non-profit and for-profit agencies to provide comprehensive child development services to economically disadvantaged children and families, with a focus on preschool-age children. Head Start program participants may enroll 35% of children they serve from families with incomes above the federal poverty guidelines, but below 130% of the poverty line.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill will increase the workload of participating school corporations and charter schools to provide the DOE with information regarding the implementation of the preschool

education pilot program. The preschool grant could offset the cost of the additional workload.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: Participating school corporations.

Information Sources: Melanie Brizzi, DFR; Christina Hage, FSSA; Kids Count Data Center; Federal Head Start Program.

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